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TORONTO, October 4 -- Ontario's higher education system favours students with well-to-do parents at the expense of poorer families, according to a study released today by the Ontario Economic Council.

Who Benefits from the Ontario University System: a Benefit Cost Analysis by Income Groups is described by its author, Professor Ozay Mehmet, as "a first exploration in Canada of the equity aspects of higher education, an important area of public policy that has generally been neglected."

The 62-page study found inadequacies in student aid programmes, higher financial benefits to non-working students and inequality of access to courses in law, medicine and dentistry.

The author admits that the results are somewhat biased by data limitations. However, he notes that "these biases tend to offset each other, some understating and others overstating, measured regressivity."

"There is little justification for believing that Ontario is a land of opportunity as far as university education is concerned," Mehmet says.



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Applying the human capital theory (cost to taxpayers and economic returns after graduation) the study took the spring, 1974, graduating class, full-time male students in bachelor degree programmes, as its central reference group. Thus, the human capital investment decision by parents and students would have been made in 1970.

The author says more student aid is provided for the lowest income group, but enrolment and graduation figures for this section represent only a fraction of the student population.

Having a parent in law, dentistry, or medicine, was also an advantage for students aiming for these professions.

"The principal net gainers from the university system are in the middle- and upper-income groups at the expense of the lower-income groups," Mehmet says. "In this sense the university system is a large public expenditure programme in which the relatively poor groups tend to subsidize the relatively rich."

The work took into account the priority for extra income for poorer families, one reason for the lower entry figures for this group, and recommends "preferential treatment, or selection, for the qualified children of poor families."

An alternative, Mehmet says, would be an egalitarian scholarship scheme, granting financial aid only to qualified students from poor families, conditional on, and well in advance of, their admission into law, dentistry, or medicine.

"If aid funds were made available before admission to university, as a result of fuller publicity among high school students (but actually provided after admission), there might be a higher flow of lower-income children from high school to university," he says.

The author suggests that attractions of a university education should be made known beginning with the grade nine student.

Observing that much of student aid funds were received by students from middle- and upper-income groups, Mehmet says the system also "appears to favour students who, for whatever reason, do not work during the summer and who tend to repeat borrowing public funds to finance their studies."

This study was prepared under the auspices of the Ontario Economic Council, established in 1962 as a public policy institute. The Council undertakes research and policy studies to encourage the optimum development of the human and material resources of Ontario and to supports the advancement of all the sectors of the Province. The Council achieves these goals by sponsorship of research projects, publication of studies, and organization of the Outlook and Issues conferences and seminars which are open to the public.

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NOTE: A list of persons to contact for further information, a brief biographical sketch of the author and a selection of quotations from the study are attached.

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AUTHOR'S BIOGRAPHICAL SKETCH:

Ozay Mehmet is Professor of Economics at the University of Ottawa. He has earned a B.Sc. (Econ) (Hon) at the London School of Economics and an M.A. and Ph.D. from the University of Toronto. He has published widely in the areas of manpower economics and economic planning.

Who Benefits from the Ontario University System: a Benefit-Cost Analysis by Income Groups (62 pages) is available only at the Ontario Government Bookstore, 880 Bay Street, Toronto, Ontario M7A 1N8. Price: \$2.00. A cheque, or money order, payable to the Treasurer of Ontario must accompany all mail orders.

OTHER RESEARCH REPORTS prepared for the Ontario Economic Council can be obtained from the University of Toronto Press, 5201 Dufferin Street, Downsview, Ontario M3H 5T8; at major booksellers, or, from the Ontario Government Bookstore at the address above.

SELECTED QUOTATIONS:

"Two important points about Table 1 deserve emphasis. First, it seems to support the general view that children of the well-to-do tend to concentrate in such high-paying fields of study as medicine, dentistry and law. (3) There are few graduates in the health professions from income groups with less than \$6,000. In engineering and applied sciences, mathematics and physical sciences and social sciences, the lower-income groups' participation is higher, contrasting sharply with such fields as fine arts, humanities, arts, the pure sciences and education, where presumably the consumption (i.e. psychic) effects of advanced education are relatively high. Secondly, while unequal access to higher-paying fields of study may not necessarily reflect systematic discrimination against lower-income groups, it does, nevertheless, suggest that universities in Ontario generate effects that alter income distribution. The exact manner of this redistributive effect can only be captured and quantified through disaggregation of enrolments and graduations by specific fields of study, something not done in previous studies." (Pg. 16 and 20)

"The lowest income group (i.e. less than \$2,000) has a ratio of 1.25, implying that the group's share of university expenditures are more than returned as a result of their children's use of universities to realize additional lifetime earnings or, put differently, to achieve upward socioeconomic mobility. While this is a clear evidence of progressive effect, it is actually a marginal result since the numbers of graduates from this income group are relatively few." (Pg. 36)

"The regressive redistributive effects of university education in Ontario reported here are minimal estimates, because a relatively low 8 per cent discount rate is used and applied equally to every income group. In fact, there are good grounds for using a higher discount rate for the lower income groups to reflect their comparatively disadvantageous access to capital markets, discriminatory treatment in labour markets of sons lacking influential connections, and higher rates of time-preference of poor parents.

The existing pattern of university education in Ontario strongly favours the rich and subsidizes the middle- and high-income groups at the expense of the lower-income groups." (Pg. 37 and 38)

"Table 8 contains statistically significant results for scholarship funds and for loans. In the case of the former, being married (as opposed to being single) implies an extra \$444.41; and additional year's seniority generates \$56.24 more scholarship funds; children of working or labouring fathers get \$835.23 more than the children of professional fathers; and students who did not work during the summer received \$214.34 more relative to those who worked longer than three weeks. Students who did not borrow under the student aid scheme were disadvantaged as compared with those who previously borrowed by as much as \$190.15. Finally, there appears to be a relatively mild, negative correlation between father's income and scholarship, with each additional \$1,000 associated with a \$17.04 reduction in grant money." (Pg. 40)

"The lower-income groups' share of total graduations as well as of graduations in certain fields of study (e.g. law, dentistry and medicine) are quite low, suggesting that both ex-ante and ex-post equity in the universities of Ontario is deficient. There is little justification for believing that Ontario is a land of opportunity so far as university education is concerned. Furthermore, the student aid programmes now available need reform to provide wider accessibility. What is particularly embarrassing is that the expansionary policy targets of the 1960s have evidently failed to equalize access and opportunity for the lower-income groups." (Pg. 43)

"There is evidence to indicate, however, that the critical point in high school is grade 9, when students have to decide whether to enter the academic stream or the technical and vocational stream. (2) This would suggest that the way to increase lower-income participation in university is through special measures directed at this stage of the high school programmes. There is also considerable room for more effective publicity of student aid programmes." (3) (Pg. 44)

"A good example is the case of law, dentistry, and medicare, where the current selection procedures tend to favour student applications from well-to-do families in general, and in particular from families in which the father himself is a lawyer, dentist, or physician. There are several alternative courses of action to promote more equal access to these professional schools, but the principle of granting preferential treatment, or selection, to the qualified children of poor families is basic."

(Pg. 46)